

Message Text

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ACTION FBOE-00

INFO OCT-01 ARA-14 NEA-11 ISO-00 A-01 SY-05 L-03
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P R 121923Z MAY 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC PRIORITY 5698
INFO AMEMBASSY PANAMA
AMEMBASSY RABAT
MAR SECURITY GD BN ARLINGTON VA

UNCLAS SECTION 1 OF 2 BUENOS AIRES 3683

FOR ARA/MGT A/SY A/FBO
PANAMA FOR CO D CO (MAJOR RAY)
RABAT FOR FALZONE

E.O. 11652: N/A
TAGS: ABLD, AFIN, AFSP, ASEC
SUBJECT: MSG HOUSING AND AMEMBASSY RESIDENCE REPAIRS

REF: A. BUENOS AIRES 3290
B. BUENOS AIRES 3237
C. STATE 097467
D. STATE 104605
E. STATE 037207
F. BUENOS AIRES 0830
G. STAE 026020
H. BUENOS AIRES 0205
I. STATE 300085 77
J. BUENOS AIRES 9330
K. BUENOS AIRES 9001
L. STATE 253787 77
M. STATE 056789 77
N. ALL PREVIOUS

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1. DEPARTMENT OFFICIALS ARE FULLY AWARE OF LONG HISTORY OF EFFORTS
TO RESOLVE INADQUATE MSG HOUSING AND THE IMMEDIATE NEED TO MAKE
SUBSTANTIAL REPAIRS TO OFFICIAL EMBASSY RESIDENCE AS
THOROUGHLY DOCUMENTED IN REFTELS AND RECENT A & E TEAM
REPORT.

2. DURING B&F WORKSHOP (HELD IN BA LST WEEK) WASHINGTON

PARTICIPANTS INSPECTED RESIDENCE AND OTHER PROPOSED SITES/PROPERTIES CONSIDERED FOR INTERIM MSG HOUSING THAT COULD LATER BE COVERED TO STAFF HOUSING FOLLOWING FBO CONSTRUCTION OF PERMENENT MSG APARTMENT (ON EMBASSY RESIDENCE PROPERTY). ALL KNOWN OPTIONS HAVE BEEN THOROUGHLY EXPLORED AND DISCUSSED WITH FULL CONSIDERATION GIVEN TO TIME FRAMES, INFLATION GROWTH; REALISTIC FUNDING LEVELS AND REQUIRED AUTHORIZATIONS.

3. ACTION PLANS FOLLOW WHICH ARE INTERRELATED AND OFFER SUBSTANTIAL LONG RANGE SAVINGS TO THE U.S. GOVERNMENT ESPECIALLY IF THEY ARE FOLLOWED THROUGH REPEAT FOLLOWED THROUGH WITH POSITIVE DIRECTION.

A. ACTION PACKAGE A - BUILD PERMANENT MSG AND STAFF APARTMENT BUILDING ON EMBASSY RESIDENCE PROPERTY.
A-1. ARCHITECTURAL DESIGN COMPLETED BY CATALANO & FORSMAN IN ACCORDANCE WITH POST REQUIREMENTS. FBO FUNDING, IMPLEMENTATION AND FOLLOWUP THROUGH COMPLETION.
A-2. FBO FY 1980 PROGRAM DATA - POST PROVIDED FOR INCLUSION IN CAPITAL BUILDING PROGRAM (REFTEL B) FBO/CONGRESSIONAL AUTHORIZATION & IMPLEMENTATION SCHEDULE REQUIRED.
A-3. EMBASSY REQUIRES COMPLETE A&E PLANS AND DRAWINGS TO BEGIN MUNICIPAL APPROVAL PROCESS.
B. ACTION PACKAGE B - LEASE/PURCHASE PROPERTY FOR INTERIM MSG HOUSING TO BE CONVERTED TO PERMANENT APARTMENTS. FYI BACKGROUND REVIEW FOLLOWS - AFTER EXHAUSTIVE SEARCH
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FOR ADEQUATE HOUSING TO ACCOMMODATE TWELVE MSGS, POST NOW HAS BUT THREE OPTIONS.

EXCEPT THE NEW OPTION ONE OFFERED BELOW, THIS IS ALL A MATTER OF RECORD AND EXTENSIVE DOCUMENTATION.
OPTION ONE - LEASE AND PURCHASE APARTMENT BUILDING LOCATED THREE BLOCKS FROM CHANCERY BUILDING NOW UNDER CONSTRUCTION, CONCRETE STRUCTURE NEARING COMPLETION. DESCRIPTION - 7 FLOORS. (TWO ELEVATORS) GROUND FLOOR- PARKING CAPACITY FOR FIVE VEHICLES 1ST THROUGH 5 EACH FLOOR CONSISTS OF TWO MEDIUM AND ONE SMALL SIZE BEDROOM KITCHEN, LAUNDRY, LIVING AND DINING ROOM COMBINATION, TWO FULL SIZE BATHROOMS AND SMALL SERVANTS QUARTERS. 170 SQUARE METERS EACH FLOOR. FLOORS 6 & 6 FORM ONE TWO-FLOOR CONDOMINIUM TYPE APARTMENT (SMALL PENTHOUSE ARRANGEMENT). 6TH FLOOR: SEPARATE LARGE LIVING ROOM AND DINNING ROOM, KITCHEN, BREAKFAST ROOM, LAUNDRY, LARGE ATTRACTIVE TERRACE, BALCONY AND SERVANTS QUARTERS. INTERCONNECTED 6TH FLOOR - LARGE MASTER BEDROOM, TWO MEDIUM SIZE BEDROOMS AND THREE BATHS. NEW SQUARE METERS 190. TOTAL SURFACE OF BUILDING 1,116 SQUARE METERS. PLUMBING, ELECTRICAL AND HUAC SYSTEMS ARE CONSIDERED MOST MODERN AVAILABLE.

NOTE: CONSIDERING PRESENT STAGE OF CONSTRUCTION,
ARCHITECTURAL DESIGN COULD BE MODIFIED ACCORDING TO
MSG REQUIREMENTS; I.E. CHANGES IN DIMENSION AND
DISTRIBUTION OF ROOMS; REDESIGN OF STUDY/EATING/
RECREATION AND COMMON AREAS - DETAILED PLANS ARE BEING
AIRPOUCHED REGISTERED ARA/MST, FBO. COMPLETION DATE
SCHEDULED JANUARY 31, 1979.
FIRM PROPOSAL IN HAND (MAY 5, 1978): PURCHASE PRICE
\$520,000.00 TERMS NEGOTIABLE. PROPOSED TERMS OF PAYMENT.
LEASE WITH OPTION TO PURCHASE AVAILABLE. MONTHLY RENTAL
\$10,000 SUBJECT TO RENEGOTIATION. FROM A FINANCIAL
POINT OF VIEW PURCHASE PRICE IS MORE THAN REASONABLE
CONSIDERING THE EXISTING CONDITIONS OF LOCAL MARKET AND
DEPARTMENTS COMMITMENTS AND PROJECTIONS REFER REFTELS
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A THROUGH E.
IN VIEW OF THE DEPARTMENTS AND CONGRESSIONAL COMMITMENTS
FOR PROPERTY ACQUISITION TO REDUCE LONG RANGE FUNDING OF
OVERSEAS HOUSING THIS OPTION IS DESIRABLE. THE SPECIAL
CHARACTERISTICS OF ARGENTINE ECONOMY (REAL PROPERTY VALUE
ROSE AUGUST 1976 TO FEBRUARY 1978 TO INFLATION RATE OF
340.2 PERCENT) OFFERS SIGNIFICANT POTENTIAL SAVINGS THROUGH
USG OWNERSHIP OF FUTURE STAFF HOUSING. THE NEED FOR AN INTERIM
MSG HOUSE IS KNOWN. THE RISING COST OF ALL LEASE PRICES AND
SHORTAGE OF ADEQUATE HOUSING IN BUENOS AIRES IS A DAILY TIME
CONSUMING PROCCUPATION FOR ALL PARTIES, WHICH IS A COST
FACTOR AND MORALE CONSIDERATION NOT TO BE OVERLOOKED.
ADVANTAGES: PROVIDES ITERIM SOLUTION TO INADEQUATE MSG
HOUSING, OFFERS SUITABLE FUTURE STAFF ACCOMMODATIONS AT
SUBSTANTIAL LONG RANGE SAVINGS.
DISADVANTAGES: EXTENDS DELAY IN RESPONDING TO COMMITMENT TO
PROVIDE ADEQUATE MSG HOUSING; PERMENENT MAINTAINANCE RESPONSIBI-
LITIES AND RELATED COSTS.

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P R 121923Z MAY 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC PRIORITY 5699
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OPTION TWO - NEGOTIATE TWO-YEAR LEASE CONTRACT (PLUS ONE) FOR HOUSE LOCATED GENERAL PACHECO & GUTIERREZ STREETS IN MARTINEZ 20 MINUTES FROM CHANCERY REFER REFTELS F THROUGH N. OWNER (AT THIS TIME) WILL CONSIDER FOLLOWING TERMS: \$7,000 PER MONTH (NEGOTIATED DOWN FROM \$10,000). FIXED RENT FIRST TWO YEARS, PAYABLE MONTHLY. THIRD AND FOURTH YEAR OPTION PRICE BEING NEGOTIATED BY EMBASSY CONTRACT LAWYER. THE DISTANCE FROM CHANCERY, MODIFICATIONS REQUIRED PREVIOUS TO OCCUPANCY (ESTIMATED TO BE AS HIGH AS \$100,000) AND TIME NECESSARY TO PERFORM CHANGES MAKES THIS OPTION IS NOT DESIRABLE. NOTE: EXISTING LEASES FOR MOST MSG APARTMENT WILL BE DROPPED AND WE WISH TO STUDY COST ADVANTAGES OF KEEPING SOME FOR ONGOING STAFF HOUSING. COSTS WILL OFFSET PORTION OF NEW LEASE APPROX. \$20,000 PER ANNUM INITIALLY. IT WILL BE NECESSARY TO HAVE SOME OVERLAP OF DUAL LEASE COSTS OF UP TO SIX MONTHS IN ORDER TO ACCOMPLISH REQUIRED MODIFICATIONS. FORMAL COST MODIFICATION SURVEY NOW BEING ARRANGED THROUGH LAWYER. FY-1978 PROJECTED COSTS: LEASE \$84,000 PLUS ADDITIONAL EXPENDITURES FOR MODIFICATIONS, FURNITURE AND EQUIPMENT. RANGE 169,000 - 210,000 ARA BUREAU NOT PREPARED TO FUND LEASE AND RPT AND MODIFICATION, FURNITURE AND EQUIPMENT. ADVANTAGES: OFFERS ADEQUATE FACILITIES AND MEETS HOUSING UNCLASSIFIED

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REQUIREMENTS. DISADVANTAGES: LACKS IMMEDIATE NEEDED FUNDING AVAILABILITY, NOT SUITABLE FOR FUTURE STAFF HOUSING IF LEASE/PURCHASE ARRANGEMENT CAN BE NEGOTIATED AT LATER TIME USING PERCENTAGE OF LEASE MONIES. OPTION THREE: REMAIN IN EXISTING QUARTERS UNTIL COMPLETION OF ACTION PACKAGE A. WHILE SIGNIFICANT FUNDING WILL BE REQUIRED TO MAKE SUITABLE AND CORRECT DEFICIENCIES, THIS IS LEAST DESIREABLE OPTION AND DOES NOT REMEDY NEED TO PROVIDE ADEQUATE HOUSING FOR LONG INTERIM PERIOD EVEN BY PROCEEDING WITH MAJOR (AND EXPENSIVE) IMPROVEMENTS. FY-82 NEW QUARTERS TO BE OCCUPIED. ADVANTAGE: 3 BLOCKS FROM CHANCERY, OCCUPIED AT MODERATE COST: 60,000 PER ANNUM INCLUDING UTILITIES. DISADVANTAGE: TOTALLY INADEQUATE (SEE REFTELS G THRU K).

IMMEDIATE ACTION REQUIRED.

B-1. FBO AUTHORIZES ARA BUREAU TO FUND OPTION ONE TO BIND CONTRACT LEASE AND OPTION TO PURCHASE ARRANGEMENTS. NOW PROJECTED REQUIREMENTS SUBJECT TO FURTHER NEGOTIATIONS AND COST ANALYSIS FY -78 \$50,000 - 10 PERCENT TOTAL PURCHASE PRICE (TIME DEPOSIT ARRANGEMENT HELD WITH LAWYER).

B-2. FBO AND ARA AUTHORIZE EMBASSY TO PROCEED WITH NEGOTIATIONS LEASE/PURCHASE OPTIONS WITH BEST AVAILABLE TERMS FOR USG - LONG TERM PERCENTAGE LEASE APPLICABLE TO FINAL PURCHASE PRICE.

B-3. FBO AND ARA PROVIDE EMBASSY FIXED SUM PARAMETERS FUNDING SOURCES, FOR IMMEDIATE NEGOTIATION PURPOSES.

B-4. FBO-ARA ESTABLISHED ACTION TIME RESPONSE (48 HOURS) FOR EMBASSY LAWYER/OWNER COMMITMENT EXCHANGE TO FINALIZE DESIRABLE NEGOTIATIONS AND COMPLETE TERMS OF CONTRACT.

B-5. A/SY, FBO, ARA PROVIDE MARINE HEADQUARTERS WITH ALL DOCUMENTATION, POLICY, PLANS AND ACTIONS IN PROGRESS PARAGRAPH B-1 THROUGH B-4 ABOVE).

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CONCURRENTLY WITH THIS TELEGRAM EMBASSY IS FORWARDING DIRECT TO MSG HEADQUARTERS ALL AVAILABLE RECORDS.

B-6. FBO AUTHORIZE AND SUBSEQUENTLY FUND TO CONTRACT WITH BRONS & SALAS, EMBASSY LAW FIRM TO RENDER PROPERTY TITLE SEARCH INCLUDING ANALYSIS OF MUNICIPAL APPROVAL, AND CONTRACT NEGOTIATIONS - ESTIMATED 5,500.

ACTION PACKAGE C - PERFORMANCE OF REMEDIAL ACTION IN THE AMBASSADOR'S RESIDENCE

TECHNICAL DATA REGARDING EXISTING PROBLEMS IN RESIDENCE WAS SUMMARIZED IN A&E TEAM REPORT OF APRIL 12, 1978. DETAILED DESCRIPTION OF PRESENT CONDITIONS IS FULLY CONTAINED IN PREVIOUS REPORTS AND COUMENTATION FORWARDED TO DEPARTMENT. IN VIEW OF THE ABOVE FOLLOWING ACTION IS IMMEDIATELY REQUESTED.

C-1. FBO PROVIDE SCOPE OF WORK AND SPECIFICATIONS TO PROCEED WITH REPAIRS AND MODIFICATIONS AS RECOMMENDED BY A&E TEAM UPON FBO REQUEST.

C-2. FBO AUTHORIZE AND FUND TO CONTRACT PERFORMANCE OF WORKS AS SOON AS TECHNICAL DATA HEREIN REQUESTED BE PROVIDED. ESTIMATED COST OF WORKS: US\$ 395,393 (BASED ON A&E TEAM REPORT). POST BELIEVES THIS WILL BE SIGNIFICANTLY HIGHER, APPROXIMATELY US\$600,000.

C-3. IF PLANS AND SPECIFICATIONS ARE NOT TO BE FORWARDED FROM FBO, AUTHORIZE AND FUND TO CONTRACT ARCHITECTURAL SERVICES FOR THE PERFORMANCE OF ELECTRICAL AND PLUMBING SURVEY INCLUDING DESIGN AND PREPARATION OF SPECIFICATIONS AND PLANS. ESTIMATED COST: US\$53,000 (BASED ON A&E TEAM REPORT).

SINCE MAGNITUDE OF COSTS REQUIRES ADHERENCE TO COMPETITIVE BIDDING PROCEDURES PLANS AND SPECIFICATIONS MUST BE DEVELOPED WITHOUT DELAY CONSIDERING THE TIME NEEDED FOR

SOLICITATION OF BIDS AND SUBSEQUENT DETAILED PLANNING AND
EXECUTION OF WORK REQUIRED.

SUMMARY: IN VIEW OF THE FACTS PRESENTED HERE AND IN MUCH DETAIL
PREVIOUSLY, ACTION PACKAGES PRESENTED SHOULD BE IMPLETENTED
WITHOUT FURTHER DELAY.

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SAS ID: 2711579
Secure: OPEN
Status: NATIVE
Subject: MSG HOUSING AND AMEMBASSY RESIDENCE REPAIRS
TAGS: ABLD, AFIN, AFSP, ASEC
To: STATE
Type: TE
vdkgvwkey: odsc://SAS/SAS.dbo.SAS_Docs/50e416a0-c288-dd11-92da-001cc4696bcc
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